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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
FANSTEEL INC., et al.,¹) Case No. 02-10109 (JJF)
) (Jointly Administered)
Debtors.)

40-7580

[Docket Nos. 689 & 750]

ORDER PURSUANT TO 11 U.S.C. §§ 363 AND 364 AUTHORIZING DEBTORS TO ENTER INTO THIRD AMENDMENT AS OF JANUARY 10, 2003 TO DEBTOR IN POSSESSION LOAN AND SECURITY AGREEMENT WITH, AND TO PAY AMENDMENT FEE TO, CONGRESS FINANCIAL CORPORATION

The above-captioned debtors and debtors-in-possession having filed their motion (the "Motion")² for an Order Pursuant to 11 U.S.C. §§ 363 and 364 Authorizing Debtors to Enter Into Third Amendment to Debtor in Possession Loan Agreement With, and to Pay Amendment Fee to, Congress Financial Corporation; and the Court having determined that the motion is supported by, and is in the exercise of, the sound business judgment of the Debtors; and the Court having further determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties-in-interest; and it appearing that notice of the Motion, given as set forth in the Motion, was good and sufficient under the particular circumstances and no other or further notice need be given; and upon the record herein; and after due deliberation thereon; and for cause appearing therefor; it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion, as modified by this order and modified by and incorporating "Amended Exhibit A" [Docket No. 750], is granted.

¹ The Debtors are the following entities: Fansteel Inc.; Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp. and American Sintered Technologies, Inc.

² Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

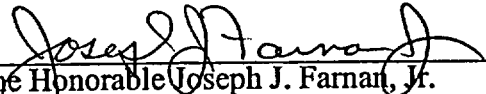
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2. The Debtors are authorized, under sections 363 and 364 of the Bankruptcy Code, to enter into the Third Amendment with, and to pay the \$25,000 Amendment Fee to, the DIP Lender.

3. Notwithstanding anything to the contrary contained in the Motion, the Sale Proceeds of the Escast Equipment Sale shall be deposited in an account controlled by Congress, and Escast shall not use such Sale Proceeds for any purpose absent either (a) the prior written consent of the Creditors' Committee and Congress or (b) entry of a further order of this Court.

4. This Court retains jurisdiction to enforce and implement the terms and provisions of this order.

Dated: February 12 2003


The Honorable Joseph J. Farnan, Jr.
United States District Judge